

(Translation)

Securities Code: 6632  
May 31, 2013

**JVC KENWOOD Corporation**  
12, 3-chome, Moriya-cho, Kanagawa-ku,  
Yokohama-shi, Kanagawa

## **NOTICE OF CONVOCAION OF THE 5th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Dear Shareholders,**

You are cordially invited to attend the 5th ordinary general meeting of shareholders of JVC KENWOOD Corporation (the "Company"), to be held on Tuesday, June 25, 2013. You will find more information about the meeting on page 2.

If you are unable to attend the meeting, you can exercise your voting rights in writing or by using electronic media (such as the Internet). After referring to the guide to exercising voting rights on page 3-4, as well as reviewing the reference documents for the general meeting of shareholders on page 5-11, please exercise your voting right by 6 p.m. on Monday, June 24, 2013.

With Best Regards,

Shoichiro Eguchi  
President  
(Representative Director of the Board)

JVC KENWOOD Corporation, Inc. is a Japanese company. The offer is subject to Japanese disclosure requirements that are different from those of the United States. The financial statements included herein have been prepared in accordance with Japanese accounting standards and thus they may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the companies are located in Japan, and some or all of their officers or directors are residents of Japan. You may not be able to sue the companies or their officers or directors in a Japanese court for violations of the U.S. securities laws. Finally, it may be difficult to compel the companies and their affiliates to subject themselves to a U.S. court's judgment.

**(Translation)**

**Details of the Meeting**

1. Date and Time: Tuesday, June 25, 2013, at 10 a.m.
2. Place: Shinagawa Intercity Hall  
15-4, Konan 2-chome, Minato-ku, Tokyo
3. Agenda:
  - Matters to be Reported:
    1. Report on Business Report and Consolidated Financial Statements for the 5th Fiscal Year (From April 1, 2012 to March 31, 2013) and the Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Board of Statutory Auditors
    2. Report on the Non-consolidated Financial Statements for the 5th Fiscal Year (From April 1, 2012 to March 31, 2013)
  - Matters to be Resolved:
    - Proposal No. 1: Election of Eight (8) Directors
    - Proposal No. 2: Election of One (1) Substitute Statutory Auditor

- The business report, the consolidated financial statements, the non-consolidated financial statements, the accounting audit report, statutory auditors' report, and the reference material for the General Meeting of Shareholders to be attached to this Notice of Convocation are presented from page 5 through page 42. Notes to consolidated financial statements and notes to non-consolidated financial statements are not described in the documents attached to this notice of convocation of ordinary general meeting of shareholders, since they are posted on the Company's website.  
<http://www.jvcknwood.co.jp/ir/stock/index.html>  
This is pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation. Therefore, the documents accompanying this notice of convocation are part of our consolidated financial statements or non-consolidated financial statements, which were audited when the Accounting Auditor prepared the accounting audit report.
- If there are any changes to the reference documents, business report, non-consolidated financial statements and consolidated financial statements, those changes will be posted on our website stated above.
  - Notice of resolutions at this General Meeting of Shareholders will also be posted on our website stated above

(Translation)

## **Procedures and Treatment in Exercising the Voting Rights**

The following are methods of exercising your voting rights.

Please exercise your voting rights after referring to the reference documents for the general meeting of shareholders from page 5 to page 16.

### **In the case of attending the general meeting of shareholders**

If you plan to attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception of the meeting. In addition, you are kindly asked to bring this brochure as meeting materials. If you attend the meeting, you do not need to take the procedures for exercising the voting rights by mail (Voting Rights Exercise Form) or via the Internet.

#### Notes for attendance

- To help prevent global warming and respond to the government's request for reducing the consumption of electricity, we will set the air-conditioning systems. Accordingly, we would like to ask shareholders who attend the meeting to be lightly dressed. Directors and employees of the Company will also be lightly dressed (in Cool Biz style).
- If you are unable to attend the meeting, a shareholder who has voting rights as a proxy may attend the meeting in your place. However, in this case we will need to receive a form designating such person as your proxy.

### **In the case of not attending the general meeting of shareholders**

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please exercise your voting rights by the following deadline.

Deadline for exercising voting rights

6 p.m., Monday, June 24, 2013

Your early voting would be greatly appreciated since it facilitates vote counting.

#### Postal Voting

Indicate whether you vote For or Against the proposals in the enclosed Voting Rights Exercise Form and then return it by 6 p.m. on Monday, June 24, 2013.

#### Internet Voting

Please check the content described on page 4 before exercising your voting rights.

### **Electronic Voting Platform for Institutional Investors**

Institutional investors can also exercise voting rights for this general meeting of shareholders in electronic media from the "Electronic Voting Platform" operated by ICJ, Inc.

(Translation)

## Exercising the Voting Rights via the Internet

### 1. Please access the following online voting site.

#### When using the Internet via cellular phones

If your cellular phone is equipped with a barcode reader, you can use the two-dimensional code® on the right to access the online voting site. For more details on that procedure, please refer to your phone's user manual.

\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

### 2. When voting online, enter the voting code and password indicated on the enclosed Voting Rights Exercise Form. Then indicate your consent or dissent to each proposal by following the instructions displayed on the screen.

The deadline for exercising your voting rights is by 6 p.m. on Monday, June 24, 2013. Your early voting would be greatly appreciated.

#### Note

If you exercise your vote both online and via the enclosed Voting Rights Exercise Form, only the online vote shall be counted.

If you exercise your online vote more than once (including votes via a computer and via a cellular phone), only the last vote shall be counted.

#### Conditions concerning the system

If you wish to exercise your voting rights via the Internet, please check the following points:

##### (1) Through the PC site

1) Screen resolution is no less than W800 x H600 dots (SVGA).

2) Following applications are installed:

(a) For web browser, Microsoft® Internet Explorer Ver.5.01 SP2 or later.

(b) For PDF file browser, Adobe® Acrobat® Reader TM Ver. 4.0 or later, or Adobe® Reader® Ver. 6.0 or later

(Internet Explorer is a registered trademark, trademark, and product name of Microsoft Corporation in the U.S., while Adobe® Acrobat® Reader TM and Adobe® Reader® are registered trademarks, trademarks, and product names of Adobe Systems Incorporated in the U.S. for the U.S. and other countries.)

##### (2) Through the cellular phone site

128-bit SSL communication (encrypted communication) compatible model is required.

Voting rights can be exercised using the full browser function of cellular phones, including smartphones. Please note, however, that some models cannot be used for exercising voting rights.

#### Inquiries about Online Voting

(1) Please contact the following Help Desk if you have any inquiries about the procedures for exercising voting rights at this site via PCs or cellular phones.

**Sumitomo Mitsui Trust Bank, Ltd.**

**Stock Transfer Agency Web Support (Help Desk)**

**Phone (toll-free within Japan): 0120-652-031 (9 a.m. to 9 p.m.)**

(2) For other inquiries, please contact the following

**Sumitomo Mitsui Trust Bank, Ltd.**

**Stock Transfer Agency Administration Center (Help Desk)**

**Phone (toll-free within Japan): 0120-782-031 (9 a.m. to 5 p.m. on Monday to Friday)**

(Translation)

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposal No. 1: Election of Eight (8) Directors

All nine (9) directors' tenure of office is to expire at the end of the coming General Meeting of Shareholders.

We propose to newly elect eight (8) directors, in order to establish a management structure that more clearly segregates the duties of the Board of Directors and the executive officers system and promote corporate restructuring through business reorganization and an active management system leading corporate governance under the eight (8) member structure—a decrease of one (1) director from the existing nine (9) member structure—with four (4) full-time directors consisting of the chairman and three (3) external directors and four (4) directors concurrently holding executive officer positions.


The candidates are as follows:

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
1	 Haruo Kawahara (March 9, 1939)  Candidate for reappointment	Jun. 1996 Director and General Planning Manager, delegation, Toshiba Corp. Jun. 1997 Executive Director Jul. 2000 Advisor Jun. 2002 President, Representative Director of the Board, Executive Officer CEO of Kenwood Corporation (currently JVC KENWOOD Corporation) Jun. 2007 Chairman, Representative Director of the Board Oct. 2008 Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc. Representative Director of the Board of Victor Company of Japan, Limited (currently JVC KENWOOD Corporation) Jun. 2009 Chairman and President, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc. May 2011 Chairman, Representative Director of the Board and Senior Executive Officer Responsible for Integrated Management, Chairman of Merger/Integration Promotion Committee of JVC KENWOOD Holdings, Inc. Jun. 2012 Representative Director of the Board and Chairman of the Board of Directors of JVC KENWOOD Corporation (current position) <Responsibilities and state of representation of other corporations> Not applicable <Current responsibilities> Chairman of the Board of Directors of JVC KENWOOD Corporation	86,190

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
2	 Shoichiro Eguchi (December 7, 1955)  Candidate for reappointment	<p>Apr. 1979    Joined Trio Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2003    Senior Vice President &amp; Executive Officer of Kenwood Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2004    Director, Senior Vice President &amp; Executive Officer of Kenwood Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2007    Senior Vice President &amp; Executive Officer, Assistant to CEO of Kenwood Corporation (currently JVC KENWOOD Corporation) (Car Electronics Overseas Sales Strategy Representative)</p> <p>Jun. 2010    Director of the Board, Senior Vice President &amp; Executive Officer of JVC KENWOOD Holdings, Inc.</p> <p>May 2011    Director of the Board, Deputy President &amp; Executive Officer, General Executive of Strategic Corporate Planning Division, Chief Operation Officer of Car Electronics Business Group of JVC KENWOOD Holdings, Inc.</p> <p>Oct. 2011    Representative Director of the Board, Deputy President &amp; Executive Officer, General Executive of Strategic Corporate Planning Division, General Executive of Group Management Office, COO (Chief Operating Officer) of Car Electronics Business Group of JVC KENWOOD Corporation</p> <p>Jun. 2012    President and Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Corporation (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt;            Not applicable</p> <p>&lt;Current responsibilities&gt;            President, Representative Director of the Board, Executive Officer CEO, Chief Risk Officer (CRO), and Chairman of Growth Strategy Promotion Conference, of JVC KENWOOD Corporation</p>	45,470

(Translation)


No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
3	 Koji Kashiwaya (January 1, 1939)  Candidate for reappointment  External Director  Independent Officer	<p>Apr. 1961    Joined Ministry of Finance</p> <p>Jun. 1978    General Manager of General Affairs, Tokyo Customs</p> <p>Jun. 1980    General Manager of Direct Tax Dept., Osaka Regional Taxation Bureau</p> <p>Jun. 1982    Manager, Capital Market Section, Marketable Securities Bureau, Ministry of Finance</p> <p>Jun. 1984    General Manager, Tokyo Office, World Bank</p> <p>1987        Councilor, International Finance Bureau, Ministry of Finance</p> <p>Jun. 1989    Deputy Director General, World Bank</p> <p>Sep. 1994    President, Nomura Project Finance Co., Ltd.</p> <p>Jan. 1996    CEO and President, AIMAC</p> <p>Mar. 2008    Director, Maruzen Textile Co. (current position)</p> <p>Apr. 2008    Director, Busou Real Estate Co. (current position)</p> <p>Oct. 2008    Director of the Board (External) of JVC KENWOOD Holdings, Inc. (currently JVC KENWOOD Corporation) (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt; Director, Maruzen Textile Co. Director, Busou Real Estate Co.</p>	18,670
<p>Special Notes on Candidate for External Director</p> <p>Mr. Koji Kashiwaya is a candidate for an external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b></p> <p>The Company proposes to elect Mr. Kashiwaya as an external director and expects that his extensive experience, solid track record, and insights in the fields of finance and taxation will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision-making of the Board of Directors.</p> <p><b>Tenure of office as an external director of the Company since he took office</b></p> <p>Mr. Kashiwaya is currently an external director of the Company and his tenure of office as an external director of the Company will be four years and nine months at the end of this General Meeting of Shareholders.</p> <p><b>Outline of the liability limitation agreement</b></p> <p>The Company has concluded a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Kashiwaya. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence. When the reappointment of Mr. Kashiwaya is approved, the Company shall extend this agreement with him.</p>			

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
		<p><b>Matters concerning independence</b></p> <p>The Company regards him as independent because there are no business transactions between other corporations where he concurrently holds office and the Company, including donations, exchanges of directors, cross-shareholding, and the like; nor has he been an operating officer and the like of our major business partners and major shareholders in the past.</p> <p>The Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation. When his reappointment is approved, we shall extend this designation.</p>	




(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
4	 Junichi Hikita (January 16, 1949)  Candidate for reappointment  External Director  Independent Officer	<p>Mar. 1971    Joined Toyo Electronics Industry Corporation (currently ROHM Co., Ltd.)</p> <p>Jun. 1991    Director, General Manager of LSI Operations Headquarters</p> <p>Jun. 1993    Managing Director, General Manager of LSI Operations Headquarters</p> <p>Jun. 1997    Managing Director, General Manager of LSI Product Development Headquarters, ULSI Research and Development Headquarters, LSI Operations Headquarters, Modules Production Headquarters, and Discrete Devices Production Headquarters</p> <p>Jun. 1999    Managing Director, General Manager of LSI Product Development Headquarters, Advanced Research and Development Headquarters, LSI Operations Headquarters, and Administrative Headquarters</p> <p>Jan. 2008    Senior Corporate Adviser</p> <p>Jun. 2008    Established Hikita Consulting Co., Ltd., President and Representative Director of the said company (current position)</p> <p>Jun. 2012    Director of the Board (External) of JVC KENWOOD Corporation. (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt; President and Representative Director, Hikita Consulting Co., Ltd.</p>	13,300
<p>Special Notes on Candidate for External Director</p> <p>Mr. Junichi Hikita is a candidate for an external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b></p> <p>The Company proposes to elect Mr. Junichi Hikita as an external director and expects that his extensive experience and knowledge as an engineer and manager and his proper advice in technological matters based on his professional views will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision-making of the Board of Directors.</p> <p><b>Tenure of office as an external director of the Company since he took office</b></p> <p>Mr. Hikita is currently an external director of the Company and his tenure of office as an external director of the Company will be one year at the end of this General Meeting of Shareholders.</p> <p><b>Outline of the liability limitation agreement</b></p> <p>The Company has concluded a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Hikita. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence. When the reappointment of Mr. Hikita is approved, the Company shall extend this agreement with him.</p>			

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
		<p><b>Matters concerning independence</b></p> <p>The Company regards him as independent because there is no relationship between Hikita Consulting Co., Ltd., where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors, nor cross-shareholding; and although he has worked for ROHM Co., Ltd.—which does have business relations with the Company, regarding the purchase of components such as semiconductors for our products—it has been five years since he resigned as a Senior Corporate Advisor of that company, currently he has no relationship with that company, and the transactions between the Company and ROHM Co., Ltd. amount to less than one percent of the consolidated net sales of the Company in the consolidated fiscal year under review.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>	


(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
5	 <p>Takao Tsuji (September 28, 1949)</p> <p>First-time candidate</p> <p>External Director</p> <p>Independent Officer</p>	<p>Apr. 1973 Joined Nissho Iwai Corporation (currently Sojitz Corporation), Tokyo Head Office</p> <p>Apr. 1994 Acting General Manager, Electronic System Department</p> <p>Oct. 1995 General Manager, Office of the President, NISSHO ELECTRONICS CORPORATION</p> <p>Jun. 1999 Director</p> <p>Mar. 2000 Director, FUSION COMMUNICATIONS CORPORATION</p> <p>Jun. 2001 Managing Director, NISSHO ELECTRONICS CORPORATION</p> <p>Jun. 2002 President and Representative Director of NISSHO ELECTRONICS CORPORATION, Part-time lecturer at Shinshu University (MBA), School of Business at Aoyama Gakuin University, Faculty of Commerce at Doshisha University, Department of Management of Technology (MOT) at Tokyo University of Science</p> <p>2003 onwards Part-time lecturer, School of International Studies, Kwansai Gakuin University (current position)</p> <p>Part-time lecturer, Faculty of Economics, Soka University (current position)</p> <p>Jun. 2009 Chairman of the Board of Directors of NISSHO ELECTRONICS CORPORATION</p> <p>Sep. 2009 Member of the Final Selection Committee for Japan Aerospace Exploration Agency (JAXA) Aerospace Open Laboratory (current position)</p> <p>Jun. 2010 Advisor to Machinery Division, Sojitz Corporation (current position)</p> <p>Jun. 2011 Director of the Board (External) of TAKAGI CO., LTD. (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt;</p> <p>Advisor to Machinery Division, Sojitz Corporation</p> <p>External Director, TAKAGI CO., LTD.</p>	—
<p>Special Notes on Candidate for External Director</p> <p>Mr. Takao Tsuji is a candidate for an external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b></p> <p>The Company proposes to elect Mr. Takao Tsuji as an external director and expects that his extensive experience and knowledge as an engineer and manager and his proper advice in technological matters based on his professional views will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision-making of the Board of Directors.</p> <p><b>Tenure of office as an external director of the Company since he took office</b></p> <p>Mr. Tsuji is a candidate for a new external director.</p>			

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
		<p><b>Outline of the liability limitation agreement</b></p> <p>When Mr. Tsuji's appointment is approved, the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with him. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence.</p> <p><b>Matters concerning independence</b></p> <p>TAKAGI CO., LTD., where he concurrently holds office, has business relations with the Company regarding purchases of electronic parts and the like for our products. Its transactions with the Company, however, amount to less than one percent of the consolidated net sales of the Company in the consolidated fiscal year under review. Moreover, there is no business transaction between Sojitz Corporation, another company of his concurrent office, and the Company.</p> <p>In addition, although we have business relations including sales of our products with Japan Aerospace Exploration Agency (JAXA), Kwansei Gakuin University, and Soka University, transactions between the Company and each of the above entities of concurrent office amount to less than one percent of the consolidated net sales of the Company in the consolidated fiscal year under review.</p> <p>As a result of the above, the Company regards him as independent. This is because: the Company has no major business with the above two companies of his concurrent office, JAXA, or each of the universities, nor has any relationship such as business transactions including donations, exchanges of directors, or cross-shareholding; nor has he been an operating officer and the like of our major business partners or major shareholders in the past.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>	


(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
6	 <p data-bbox="263 526 462 616">Kazuhiro Aigami (October 27, 1957)</p> <p data-bbox="279 649 454 705">Candidate for reappointment</p>	<p data-bbox="494 280 1228 313">Apr. 1990 Joined Kenwood Corporation</p> <p data-bbox="494 313 1228 347">Apr. 2007 General Manager, Communications Div.</p> <p data-bbox="494 347 1228 380">Jun. 2007 Managing Operating Officer</p> <p data-bbox="494 380 1228 436">Jun. 2008 Director of the Board &amp; Senior Managing Operating Officer, General Manager</p> <p data-bbox="494 436 1228 492">Jul. 2008 Assistant to CEO (in charge of communications strategy)</p> <p data-bbox="494 492 1228 548">Oct. 2008 Executive Vice President, Director of the Board</p> <p data-bbox="494 548 1228 604">Jun. 2009 President and Representative Director of the Board of Kenwood Corporation Director of the Board of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 604 1228 672">Jun. 2010 Director of the Board, Executive Officer, Corporate Vice President of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 672 1228 750">May 2011 Director of the Board, Senior Vice President &amp; Executive Officer, General Executive of Strategic Marketing Division, Chief Operating Officer (COO) of Professional Systems Business Group of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 750 1228 828">Jun. 2011 Director of the Board, Senior Executive Vice President &amp; Executive Officer, General Executive of Strategic Marketing Planning Division, Assistant to CRO, COO of Professional Systems Business Group of JVC KENWOOD Holdings, Inc. (currently JVC KENWOOD Corporation)</p> <p data-bbox="494 828 1228 884">&lt;Responsibilities and state of representation of other corporations&gt; Not applicable</p> <p data-bbox="494 884 1228 940">&lt;Current responsibilities&gt; Director of the Board, Senior Executive Vice President &amp; Executive Officer, Assistant to CRO, General Executive of Emerging Market Planning Division, and COO of Professional Systems Business Group of JVC KENWOOD Corporation</p>	54,680

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
7	 <p>Naokazu Kurihara (February 8, 1958)</p> <p>Candidate for reappointment</p>	<p>Apr. 1981    Joined Victor Company of Japan, Limited (currently JVC KENWOOD Corporation)</p> <p>Oct. 2002    President of JVC Company of America, Deputy President of JVC Americas Corp.</p> <p>Jun. 2006    General Executive of Middle East Office, JVC Asia &amp; The Middle East Company of Victor Company of Japan, Limited (currently JVC KENWOOD Corporation), President of JVC Gulf FZE</p> <p>Jun. 2008    President of JVC Asia Pte. Ltd.</p> <p>Jun. 2010    Director of Victor Company of Japan, Limited, (currently JVC KENWOOD Corporation), General Executive of Imaging, Digital Imaging Division</p> <p>Oct. 2010    Director, General Executive of Projector</p> <p>May 2011    Director, Assistant to COO of Home &amp; Mobile Electronics Business Group, General Executive of Projector</p> <p>Jun. 2011    Director of the Board, Senior Vice President &amp; Executive Officer, SOO Assistant to COO of Home&amp; Mobile Electronics Business Group (Imaging Products Business Operation, Projector Business Operation, and Overseas Business Operation), General Executive of Projector of JVC KENWOOD Holdings, Inc.</p> <p>Jan. 2012    Director of the Board, Senior Vice President &amp; Executive Officer, SOO Assistant to COO of Home&amp; Mobile Electronics Business Group, General Executive of Imaging Division, General Manager of Imaging Products Business Operation, Imaging Division of JVC KENWOOD Corporation</p> <p>Jun. 2012    Director of the Board, Senior Vice President &amp; Executive Officer, Assistant to CRO, COO of Home&amp; Mobile Electronics Business Group (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt; Not applicable</p> <p>&lt;Current responsibilities&gt; Director of the Board, Senior Vice President &amp; Executive Officer, Assistant to CRO, General Executive of Emerging Market Planning Division, and COO of Home&amp; Mobile Electronics Business Group of JVC KENWOOD Corporation</p>	21,100

(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
8	 Seiichi Tamura (December 30, 1968)  First-time candidate	<p>Mar. 1992    Joined Accenture Japan Ltd. (Specialized in planning growth strategies and new business strategies for manufacturing, distribution and retail, transportation and travel service industries, and engaged in launching of many businesses and their monetization)</p> <p>Sep. 2005    Executive Partner</p> <p>Jan. 2010    Joined Enterprise Turnaround Initiative Corporation of Japan (ETIC) Professional Office Managing Director (Specialized in business investment and loans, involved in decision and implementation of many investments and loans, at the same time, engaged in revitalization and regrowth of the recipient companies as their executive director)</p> <p>May 2011    External Director, Shibamasa Kanko Co., Ltd.*</p> <p>Jun. 2011    Director and Vice President, Executive Officer, FUJISHO PRINTING INC.*</p> <p>Sep. 2011    External Director, Okiso Construction Co., Ltd. (current position)*</p> <p>Mar. 2013    Joined the Company, SOO (Senior Operating Officer) treatment, Assistant to CEO, General Manager of Business Development Division (current position)</p> <p>&lt;Responsibilities and state of representation of other corporations&gt; Not applicable</p> <p>&lt;Current responsibilities&gt; SOO (Senior Operating Officer) treatment, Assistant to CEO, General Manager of Business Development Division</p>	—

Notes:

1. There are no conflicts of interest between each candidate and the Company.
2. No candidates for Director will receive and have not received in the past three (3) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).

(Translation)

**Proposal No. 2: Election of One (1) Substitute Statutory Auditor**

In preparation for situations in which the Company does not have enough statutory auditors (including external statutory auditors) required by the laws and regulations, the Company proposes to elect a substitute statutory auditor.

The Board of Statutory Auditors has given its consent to the proposal.

The candidate for a substitute statutory auditor is as follows.

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
1	 Nagaaki Ohyama (January 24, 1954)  Candidate for reappointment  Substitute External Statutory Auditor	Mar. 1982 Finished Doctoral course, Department of Information Engineering Interdisciplinary Graduate School of Science and Engineering, Tokyo Institute of Technology Jul. 1983 Assistant, Imaging Science and Engineering Institute School of Engineering, Tokyo Institute of Technology Dec. 1986 Researcher, Optical Research Center, Department of Radiology, College of Medicine, The University of Arizona Nov. 1988 Assistant Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology Nov. 1993 Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology Apr. 2000 Professor, Information and Research Function, The Frontier Collaborative Research Center, Tokyo Institute of Technology Apr. 2002 Professor, Collaborative Research & Information area (previously Information and Research Function), The Frontier Collaborative Research Center, Tokyo Institute of Technology Apr. 2003 Professor, Collaborative Research & Information area (previously Information and Research Function), The Frontier Collaborative Research Center and Imaging Science and Engineering Institute, Graduate School of Engineering, Tokyo Institute of Technology Apr. 2010 Professor, Imaging Science and Engineering Laboratory (renamed from Imaging Science and Engineering Institute, Graduate School of Engineering), Tokyo Institute of Technology (current position) Jun. 2012 Substitute Statutory Auditor (current position) <Responsibilities and state of representation of other corporations> Professor of Tokyo Institute of Technology	—
Special Notes on Candidate for Substitute External Statutory Auditor  Mr. Nagaaki Ohyama is a candidate for a substitute external statutory auditor.			



(Translation)

No.	Name (Date of Birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
		<p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b></p> <p>The company proposes to elect Mr. Ohyama as a substitute external statutory auditor and expects that his extensive experience, achievements, and knowledge as an academic will strengthen the audit of the Company, and that he will give the Company advice on agenda and discussions in meetings of the Board of Directors and the Board of Statutory Auditors—from the position of objective third party, separate from the Group. Though Mr. Ohyama has not engaged in corporate management in the past, we believe that he will be able to properly perform his duties as a statutory auditor based on his extensive experience and knowledge.</p> <p><b>Outline of the liability limitation agreement</b></p> <p>When his appointment is approved as an external auditor, the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Ohyama. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external statutory auditor has acted faithfully and without gross negligence.</p> <p><b>Matters concerning independence</b></p> <p>The Company regards him as independent because there are no business transactions between other corporations where he concurrently holds office and the Company, including donations, exchanges of directors, cross-shareholding, and the like; nor has he been an operating officer and the like of our major business partners and major shareholders in the past.</p> <p>When he assumes the post of statutory auditor after his appointment is approved as a substitute statutory auditor, the Company shall appoint him as an external statutory auditor and designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>	

Notes:

1. There are no conflicts of interest between the candidate and the Company.
2. The candidate for substitute statutory auditor will receive and have not received in the past three (3) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).

(Translation)

(Document Provided Based on Article 437, Article 444 of the Companies Act)

## **BUSINESS REPORT**

(From April 1, 2012 to March 31, 2013)

### **1. Matters Concerning the Current Situation of the Group**

#### **[1] Course of Business and the Results**

During the fiscal year under review, the outlook for the global economy remained uncertain due primarily to the deteriorating financial crisis in Europe and a slowdown of the Asian economy including that of China. Japan's economy followed a gradual recovery track on the strength of demand for reconstruction in the wake of the Great East Japan Earthquake, and showed a sign of bottoming out in the second half due mainly to the correction of strong yen. However, the Japanese economy in general was affected by the slowdown in the global economy.

Under such circumstances, sales and profits of the JVCKENWOOD Group (the "Group") for the fiscal year under review declined on a year-on-year basis, because of sluggish European sales in the Car Electronics, Professional Systems and Home & Mobile Electronics businesses, and impact of foreign exchange fluctuation, while the Entertainment business continued to be strong throughout the fiscal year and posted higher sales and profits compared to the previous fiscal year.

On the financial front, while interest-bearing debts declined from a year earlier, total net assets increased, resulting in a rise of shareholders' equity ratio.

Exchange rates used for profit-and-loss calculation to prepare the financial statements for the fiscal year under review are as follows. A strong yen against the U.S. dollar and a weaker yen against the euro are positive factors for Operating income of the Group. In the fiscal year under review, however, the yen depreciated against the U.S. dollar while appreciated against the euro, compared to movements in the previous fiscal year. As a result, the movements of both the U.S. dollar and the euro against the yen became negative factors for the Group's operating income. To cope with this, the Group implemented measures to reduce foreign exchange fluctuation risks related to operating income and non-operating income and loss, as described in "[2] Issues to be Addressed, 2) Reduction in Exchange Fluctuation Risks."

Profit-and-loss exchange rates used when preparing the financial statements for the fiscal year under review are as follows:

		1 <sup>st</sup> Quarter (from April 1, 2012 to June 30, 2012)	2 <sup>nd</sup> Quarter (from July 1, 2012 to September 30, 2012)	3 <sup>rd</sup> Quarter (from October 1, 2012 to December 31, 2012)	4 <sup>th</sup> Quarter (from January 1, 2013 to March 31, 2013)
Profit-and-loss exchange rates	U.S. dollar	About 80 yen	About 79 yen	About 81 yen	About 92 yen
	Euro	About 103 yen	About 98 yen	About 105 yen	About 122 yen
FY2011 (Reference)	U.S. dollar	About 82 yen	About 78 yen	About 77 yen	About 79 yen
	Euro	About 117 yen	About 110 yen	About 104 yen	About 104 yen

#### **\* Consolidated Net Sales**

Consolidated net sales for the fiscal year under review were 306,580 million yen.

During the fiscal year under review, the Entertainment business posted higher sales year on year as a result of a series of hit releases, and the Car Electronics, Professional Systems and Home & Mobile Electronics businesses saw sales remain steady in North America. However, the Group's net sales decreased due to significantly lower sales in Europe caused by the deteriorated local economy.

#### **\* Consolidated Operating Profit and Loss**

Consolidated operating profit for the fiscal year under review was 9,603 million yen.

During the fiscal year under review, the Entertainment business posted higher profits than a year earlier thanks to an increase in sales. The Professional Systems business also recorded higher profits due to a reduction in effects of the Great East Japan Earthquake and Thai floods, which both occurred in the previous fiscal year. However, the Group's operating profit declined, influenced by intensified competition in the domestic market of the Car Electronics business, a fall in European and Asian sales in the Car Electronics, Professional Systems and Home & Mobile Electronics businesses, and the yen's appreciation against the euro mainly in the first half.

On the other hand, a rise in costs associated with a decrease in patent licensing royalties and completion of measures to reduce labor costs was absorbed by the reinforced earnings capability in each business.

(Translation)

**\* Consolidated Ordinary Income and Loss**

Consolidated ordinary income for the fiscal year under review was 3,106 million yen, due to a decrease in consolidated operating profit, as well as non-operating profit and expense.

Non-operating profit increased approximately 500 million yen year on year to 1,942 million yen, as the Group acquired 45% of the outstanding shares in Shinwa International Holdings Limited (hereinafter referred to as "Shinwa"), an in-car device manufacturing company in Hong Kong, effective April 20, 2012, and posted equity in earnings of affiliates.

Non-operating expense rose about 600 million yen year on year to 8,439 million yen, as foreign exchange losses worth about 2,800 million yen (an increase of approximately 2,700 million yen year on year) due to the increase of the yen equivalent value of foreign-currency-denominated loans between the Company and group subsidiary companies and the like occurred in conjunction with the depreciation of the yen against the U.S. dollar in and after the third quarter, while loan commission decreased by approximately 1,200 million yen year on year due to the reduction of loans payable and the extension of borrowing periods, and so did the cost of mergers, and the like.

Consequently, non-operating profit and expense for the consolidated fiscal year under review deteriorated about 100 million yen from a year earlier to a loss of 6,497 million yen.

To address foreign exchange losses, the Group implemented measures to reduce foreign exchange fluctuation risks.

**\* Consolidated Net Income and Loss**

Consolidated net income for the fiscal year under review was 1,146 million yen, due chiefly to a drop in consolidated ordinary income and an increase in income taxes.

Extraordinary profit fell approximately 400 million yen year on year, primarily because of a decrease in insurance income from the Thai floods, despite increases in gain on sales of investment securities and gain on sales of fixed assets.

Extraordinary loss dropped about 700 million yen due mainly to a fall in loss on disaster caused by the Thai floods.

As a result, extraordinary profit and loss improved by about 300 million yen from a year earlier.

Total income taxes for the fiscal year under review increased about 2,100 million yen from a year earlier, partly because corporate tax and other adjustment stood at about -100 million yen, compared to about -2,600 million yen a year earlier, while there was decreases in corporate tax, corporate inhabitant tax and corporate enterprise tax resulting from the refund of Kanagawa Prefecture's special interim corporate tax.

Net sales and operating profit and loss by business segment are as follows.

**\* Car Electronics Business**

Net sales of the Car Electronics business for the fiscal year under review were 100,548 million yen, and operating profit was 2,494 million yen. This was due to economic deterioration in Europe, heightened competition in the domestic market, and the yen's appreciation against the euro in the mainly first half.

**After-market Segment**

In the after-market business, sales of car audios and car navigation systems continued to be robust in North America where the sales contribution ratio was highest, and sales of display audio systems, a high-growth field, increased. Sales recovered in Asia where the impact from the floods in Thailand was strong in the previous fiscal year. However, in Europe, the Group was strongly affected by deterioration in the local economy and the strong yen against the euro mainly in the first half. In the domestic market, earnings were weighed down by a lower price product mix in and after the second quarter due to a change in the competitive environment, despite sharp year-on-year growth in the sales volume of Saisoku-Navi, an SSD AV car navigation system.

**OEM Segment**

In the OEM business, earnings were affected by a slowdown of shipment volumes of HDD AV car navigation systems to automobile makers (dealer option product) in and after the second quarter. The shipment volume of optical pickups for car-mounted equipment remained robust, while shipments of CD/DVD drive mechanisms for car-mounted equipment for Europe were affected by dull market conditions.

**\* Professional Systems Business**

Net sales of the Professional Systems business for the fiscal year under review were 91,830 million yen, while operating profit was 4,020 million yen. This was due to a recovery in sales with the end of the

**(Translation)**

effects of the Thai floods in the Business Solution segment in the first quarter, despite lower sales in Europe and the delayed recovery of sales primarily in the Land Mobile Radio segment in China.

**Land Mobile Radio Segment**

As for the Land Mobile Radio segment, sales of professional digital radio systems for the public safety sector and the NEXEDGE proprietary professional digital radio system for the private sector remained robust in North America, their largest market. In the domestic market, new orders were received from operators of broadcasting and communication businesses and this helped boost sales. But overall sales and profits dropped, influenced by sluggish sales in Europe and the delayed recovery of sales in China.

**Business Solution Segment**

In the Business Solution segment, on top of sluggish sales overseas mainly in Europe, costs increased temporarily in the first quarter of the fiscal year under review because we switched production to the Yokosuka Production Center in response to the floods in Thailand. However, production at plants in Thailand was normalized in and after the second quarter, and this was followed by a sales recovery mainly in Japan. As a result, overall sales remained unchanged from a year earlier, and profit and loss improved considerably compared to the previous fiscal year.

**\* Home & Mobile Electronics Business**

In the Home & Mobile Electronics business, net sales for the fiscal year under review were 68,793 million yen, and operating profit was 1,053 million yen. This was due to weak sales in Europe, and the yen's appreciation against the euro mainly in the first half, despite continued strong performance in the AV accessory segment and the projector segment.

**Sound & Acoustic Division**

As for the Sound & Acoustic Division, earnings of the highly profitable AV accessory segment increased due to brisk sales of headphones and earphones. In the home audio segment, profit and loss worsened, due primarily to a shrinking domestic market and the deteriorating European economy, although we made efforts to improve product mix through introducing proposal-based products such as an audio product with a built-in ionizer and furniture audio. As a result, the entire Sound & Acoustic Division remained in the black, but its sales and profits declined.

**Imaging Division**

In the Imaging Division, we made efforts to improve product mix by introducing sports camcorders and live streaming cameras as proposal-based products following Wi-Fi HD camcorders. However, profit and loss in the camcorder segment deteriorated owing mainly to the worsened European economy. Earnings of the projector segment increased substantially, because of a sales expansion of high-definition 4K models. In addition, profit and loss in the display segment moved into the black due to the adoption of a business model with a light asset burden and the realignment of products for Asia. Consequently, profit and loss in the entire Imaging Division improved year on year, although its sales decreased.

**\* Entertainment Business**

In the Entertainment business, net sales for the fiscal year under review were 40,858 million yen, and operating profit was 2,044 million yen. This was a result of strong performance in the Content business and cost reductions in the OEM business.

**Content Business**

Earnings of the Content business were boosted by a series of major hits that included theme songs of TV dramas and albums, and several hit-making music albums launched by new and mid-catalog artists, in addition to the steady growth of rights-related income associated with animation and music pieces.

**OEM Business**

In the OEM business, profit and loss improved thanks to cost reduction efforts, on top of solid production of optical discs backed by a series of major hits.

**[2] Issues to be Addressed**

During the fiscal year ended March 31, 2011, the Group completed the structural reforms that had been under way since the launch of the Group in October 2008. Subsequently, in the fiscal year ended March 31, 2012 the Group began to implement a full-scale growth strategy by optimally leveraging the effects of structural reforms and the synergies of the integrated company brought about by the merger with the main companies, effective October 1, 2011.

In the fiscal year under review, the Group carried out a growth strategy centering on the Car

**(Translation)**

Electronics business and the Professional Systems business. As a result, amid the difficult business environment, we achieved an increase in sales volume of consumer car navigation systems for the domestic market, an expansion in sales of professional radio systems for North America, and an improvement in profit and loss of the Business Solution segment (professional AV devices), whose performance recovered from the effects of the Thai floods. In addition, the Entertainment business achieved growth due to a series of hit releases.

Sales of the Group on the whole failed to grow, however, partly because those of each business in Europe decreased due to economic deterioration there.

Against this backdrop, in the fiscal year ending March 2014, we will classify the business units of the four (4) business segments into three (3) groups according to their characteristics, and do our utmost to achieve each group's goal.

**1) Enhancement of Business Portfolio**

**(1) Business group that focuses on profit expansion**

In the group of the Land Mobile Radio segment of the Professional Systems business, the Entertainment business, the AV accessory and projector segments of the Home & Mobile Electronics business, the segment of optical pickups for car-mounted equipment of the Car Electronics business, we will strive to increase sales. In this way, we will work to improve profits by taking advantage of high profitability, which results from high barriers to entry in the markets where these businesses and segments belong and from solid their business structures.

**Land Mobile Radio segment (Professional Systems business)**

- Development and sales of professional digital radio equipment and systems that are compatible with communications protocols used in different regions of the world
- Optimization of production systems, and strengthening of sales networks

**Entertainment business**

- Cultivating and nourishing of new and mid-catalog artists, and innovation of the business into comprehensive entertainment
- Increase in productivity of the OEM business

**AV accessory segment (Home & Mobile Electronics business)**

- Expansion of product line-ups including flagship models and models exclusively for emerging countries, and extension of sales areas

**Projector segment (Home & Mobile Electronics business)**

- Increase in sales volumes and channels of 4K projector, in which we are ahead of rivals

**Segment of optical pickups for car-mounted equipment (Car Electronics business)**

- Expansion in full-scale mass production of newly-developed pickup, and acquisition of new customers for the product

**(2) Business group that focuses on increasing profitability**

As for the group of the Business Solution segment of the Professional Systems business, the after-market business and the OEM business of the Car Electronics business, and the camcorder and audio segments of the Home & Mobile Electronics business, we will strive to increase profitability by establishing a structure that is robust against seasonal factors and the market environment's changes.

**Business Solution segment (Professional Systems business)**

- Reinforcement of system development and design systems, and expansion of the solution business through partnership
- Increase in sales of professional video cameras and security cameras

**After-market business (Car Electronics business)**

- Enhancement of marketability of SSD-type car navigation systems for the domestic market, expansion of sales of the systems and reduction of relevant costs
- Expansion of the line-up of display audio systems for overseas markets, and increase in their sales
- Development of emerging markets through products exclusively for emerging countries

**OEM business (Car Electronics business)**

- Development and mass production of specially-designed car navigation systems and display audio systems, and winning of new orders received for their next models

## (Translation)

- Increase in orders received for car navigation systems to be converted for the after-market models as dealer option products
- Commercialization of innovative products such as head-up displays

### **Camcorder segment (Home & Mobile Electronics business)**

- Further shift to proposal-based and high-value-added product line-ups, such as sports camcorders and live streaming cameras

### **Audio segment (Home & Mobile Electronics business)**

- Realignment of sales areas and products, and further concentration on high-value-added product line-ups through the use of outsourcing

## **(3) Business group that focuses on strategic growth**

We will endeavor to strategically increase earnings by generating synergies from M&As and capital and business alliances that used funds procured in January 2011.

- Creation of synergies in the business of optical disk drive mechanism for car-mounted equipment, and expansion of the business of water-based paint plastic panels
- Full-scale entry into the medical field, and creation of synergies in video technology

## **2) Reduction in Foreign Exchange Fluctuation Risks**

### **(1) Reduction in foreign exchange fluctuation risks to operating profit and loss**

Overseas production of the Group accounts for over 90% of the entire Group's production, with most done in Asia particularly China, and the production costs are denominated mainly in U.S. dollars. Hence, imports exceed exports in terms of the U.S. dollar, and the weak yen against the U.S. dollar becomes a negative factor for profits. Meanwhile, in Europe, where our production is in small lots, exports exceed imports in terms of the euro, and the weak yen against the euro becomes a positive factor for profits.

In the fiscal year under review, there was variance between the exchange rate sensitivity (effects of 1-yen depreciation/appreciation against the foreign currency on annual operating income) to the U.S. dollar and the euro. To rectify this, we reduced the exchange rate sensitivity to the U.S. dollar by expanding sales and reviewing production costs in the U.S. dollar economy zone. As a result, we made a balance between the exchange rate sensitivity to the U.S. dollar and that to the euro.

### **(2) Reduction in foreign exchange fluctuation risks to non-operating profit and loss**

The Company had posted differences in the conversion of foreign-currency-denominated loans receivable and loans payable into yen, which arise from foreign exchange fluctuations, as foreign exchange losses (gains).

To cope with such risks of foreign exchange revaluation losses (gains), the Company eliminated 99 million U.S. dollars out of the U.S. dollar-denominated loan overbalance between the Company and its overseas subsidiaries by distributing the same amount from the overseas subsidiaries to the Company effective March 8, 2013. By doing this, we achieved a balance between foreign-currency-denominated loans payable and loans receivable between the Company and its overseas subsidiaries. This led to a substantial reduction of the difference in the conversion of foreign-currency-denominated loans receivable and loans payable into yen, which accounted for about half of the foreign exchange losses posted in the fiscal year under review.

As a result, we reduced the risk of foreign exchange revaluation losses (gains) associated with possible foreign-currency-denominated loan transactions within the Group.

## **3) Strengthening of Corporate Structure**

### **(1) Reinforcement of financial foundation**

The former Victor Company of Japan, Limited, which the Company merged with by absorption in October 2011, issued bonds amounting to 20.0 billion yen in August 2007. As for the current remaining No. 7 Unsecured Bond totaling 12.0 billion yen, we will redeem the 6.0 billion yen portion, which is due for redemption on August 2, 2013.

With regard to interest-bearing debts, we will further improve conditions and terms of loans by refinancing some of our loans payable.

### **(2) Integration of overseas sales companies**

To improve the efficiency of its overseas sales system and strengthen its competitiveness, the Group is promoting the integration of overseas sales subsidiaries and offices. As a result, the number of the Group's sales subsidiaries decreased to about 30 as of the end of March 2013 from approximately 40 at the end of March 2012. We will continue to integrate overseas sales companies and offices in line

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with the new mid-term business plan.

**(3) Consolidated value chain innovations**

The Group will innovate its business management from product-out to market-in in order to raise the entire Group's corporate value. Specifically, we will, by making a direct link from sales to production, innovate the consolidated value chain, which consists of sales and marketing, design, production and procurement, and quality control, logistics and services, etc., so that we can reduce inventories, shorten lead times from orders of the sales division to shipments from plants, reduce procurement costs, and minimize market defect rates. Furthermore, through strengthening our response to contingencies such as the Great East Japan Earthquake and Thai floods, we will build in a structure that can rapidly provide substitute measures in case the supply chain is disrupted by disasters and other emergencies, in order to minimize impacts on our customers.

**[3] State of Capital Investments**

The total amount of capital investments implemented in this consolidated fiscal year is about 7,100 million yen. The main subjects of the investments are for the expansion, improvement and upgrade of production facilities, including tools and equipment.

**[4] State of Financing**

Not applicable.

**[5] State of Transfer of Business, Merger & Division, or New Establishment & Division**

Not applicable.

**[6] State of Transfer of Business from Other Companies**

Not applicable.

**[7] State of Succession of Rights and Obligations Regarding Other Corporations in Relation to the Merger & Acquisition or Merger & Division**

Not applicable.

**[8] State of Ownership of Other Company Shares or Acquisition or Disposal of Share Options**

JVC KENWOOD acquired a total of 45% of the outstanding shares in Shinwa International Holdings Limited (hereinafter referred to as "Shinwa") on April 20, 2012, after having concluded a share transfer agreement with Shinwa and the fund to invest in Japanese corporations managed by CITIC Capital Partners Limited on October 28, 2011.

**[9] Transition of Assets and Profit & Loss**

**(1) State of Assets and Profit & Loss (the Group)**

(Millions of yen)

Items	2nd Term (March 2010)		3rd Term (March 2011)	4th Term (March 2012)	5th Term (March 2013) (current consolidated fiscal year )
	Before the correction	After the correction			
Net sales	398,663	398,663	352,672	320,868	306,580
Operating profit (loss)	(6,453)	(6,453)	12,956	12,813	9,603
Ordinary income (loss)	(14,752)	(14,752)	7,579	6,420	3,106
Net income (loss)	(39,734)	(27,795)	(4,025)	6,032	1,146
Net income (loss) per share (yen)	(41.10)	(28.75)	(38.60)	43.50	8.27
Total assets	274,751	274,751	260,664	241,761	246,614
Net assets	46,819	46,819	52,739	57,072	67,240
Net assets per share (yen)	47.45	47.45	375.19	399.76	473.18

Notes:

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. The Company carried out a reverse stock split, combining ten common shares into one, as of August 1, 2010.
3. As some accounting errors were found for financial results of the past fiscal year—i.e., the 2nd term of the Company (fiscal year ended March 2010)—the figures for before and after the correction are

**(Translation)**

provided.

**(2) State of Assets and Profit & Loss (the Company)**

(Millions of yen)

Items	2nd Term (March 2010)	3rd Term (March 2011)	4th Term (March 2012)		5th Term (March 2013) (current fiscal year)
			Before the correction	After the correction	
Net sales	9,401	14,559	116,901	116,901	209,133
Operating profit (loss)	1,174	749	1,524	1,524	4,583
Ordinary income (loss)	440	257	3,962	3,373	3,900
Net income (loss)	(57,243)	(748)	2,243	1,654	3,371
Net income (loss) per share (yen)	(59.20)	(7.18)	16.18	11.93	24.31
Total assets	80,759	96,098	247,647	247,529	235,745
Net assets	53,213	66,364	72,755	72,166	74,865
Net assets per share (yen)	55.01	478.57	518.84	514.60	534.07

**Notes:**

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. The Company carried out a reverse stock split, combining ten common shares into one, as of August 1, 2010.
3. As of October 1, 2011, the Company became a surviving company of an absorption-type merger. Victor Company of Japan, Limited, Kenwood Corporation, and J&K Car Electronics Corporation were absorbed by the Company. The Company's assets and profits increased in the 4th term as a result of this merger.
4. As some accounting errors were found for financial results of the past fiscal year—i.e., the 4th term of the Company (fiscal year ended March 2012)—the figures for before and after the correction are provided.

**[10] State of Important Parent Companies and Subsidiaries, etc.****(1) State of Parent Companies**

Not applicable.

**(2) State of Important Subsidiaries**

Name	Capital	Ratio of the Company's Capital Contribution	Major Businesses
Victor Entertainment, Inc.	¥6,310 million	100.0%	Planning, production and sales of music and visual software
Victor Creative Media Co., Ltd.	¥1,207 million	91.4%	Development, manufacturing and sales of recorded optical disk
KENWOOD U.S.A. Corporation	\$94,600 thousand	100.0%	Headquarters for Americas and wholesale (U.S.A. and other countries)
Zetron Inc.	\$1	100.0%	Development, manufacturing and sales of telecommunication-related system and equipment
JVC PROFESSIONAL EUROPE LIMITED	€13,885 thousand	100.0% (100.0%)	Wholesale (European region)
Kenwood Electronics U.K. Limited	£14,900 thousand	100.0%	Wholesale (U.K. and other countries)
Kenwood Electronics Deutschland GmbH	€11,887 thousand	100.0%	Wholesale (Germany)

Note: Among ratios of the Company's capital contribution, the figure in parentheses shows the ratio of capital indirectly owned by the Company.



(Translation)

**[11] Major Businesses (As of March 31, 2013)**

Business Segment	Key Products
Car Electronics Business	Manufacturing and sales of car audio equipment, car AV systems, car navigation systems, etc.
Professional systems business	Manufacturing and sales of land mobile radio equipment, video surveillance equipment, video equipment, audio equipment, displays, etc.
Home & Mobile Electronics Business	Manufacturing and sales of video cameras, projectors, audios, and AV accessories, etc.
Entertainment business	Planning, production, and sales of audio and video software, etc. Production of CD and DVD discs (prerecorded), etc.
Other	Manufacturing and sales of home furniture, etc.

**[12] Main Offices and Factories (As of March 31, 2013)**

**(1) Head Office**

12, 3-chome, Moriya-cho, Kanagawa-ku, Yokohama, Kanagawa, Japan

**(2) R&D Center**

Name	Location
JVC KENWOOD Corporation (the Company)	
Head Office & Yokohama Business Center	Yokohama, Kanagawa
Kurihama R&D Center	Yokosuka, Kanagawa
Hachioji Business Center	Hachioji, Tokyo
Hakusan Business Center	Yokohama, Kanagawa

**(3) Main Japanese Manufacturing Sites**

Name	Location
JVC KENWOOD Corporation (the Company)	
Yokosuka Business Center	Yokosuka, Kanagawa
Victor Creative Media Co., Ltd.	Yamato, Kanagawa
Victor Interior Furniture Co., Ltd.	Fukuroi, Shizuoka
Kenwood Yamagata Corporation	Tsuruoka, Yamagata
Kenwood Devices Corporation	Yorii, Saitama

**(4) Japanese Business sites**

Name	Location
JVC KENWOOD Corporation (the Company)	Business sites nationwide, including Tokyo, Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka and others
J&K Business Solutions Corporation	Yokohama, Kanagawa
VICTOR ARCS Co., Inc.	Minato-ku, Tokyo
Video-Tech Co., Ltd.	Shibuya-ku, Tokyo
Victor Entertainment, Inc.	Shibuya-ku, Tokyo
TEICHIKU ENTERTAINMENT, Inc.	Shibuya-ku, Tokyo

(Translation)

**(5) Main Global Manufacturing Sites**

Name	Location
JVC AMERICA, INC.	U.S.A.
JVC Manufacturing Malaysia Sdn. Bhd.	Malaysia
JVC Manufacturing (Thailand) Co., Ltd.	Thailand
JVC OPTICAL COMPONENTS (THAILAND) Co., Ltd.	Thailand
P.T. JVC Electronics Indonesia	Indonesia
JVCKENWOOD Technologies Singapore Pte. Ltd.	Singapore
Kenwood Electronics Technologies (M) Sdn. Bhd.	Malaysia
Shanghai Kenwood Electronics Co., Ltd.	China
Kenwood Electronics Bretagne S.A.	France

**(6) Main Regional Company and Regional Head Quarters**

Name	Location
JVC Americas Corp.	U.S.A.
Kenwood U.S.A. Corporation	U.S.A.
JVC Europe Limited	U.K.
Kenwood Electronics Europe B.V.	Netherlands
JVC ASIA Pte. Ltd.	Singapore
Kenwood Electronics Singapore Pte. Ltd.	Singapore
JVC (China) Investment Co., Ltd.	China

**[13] State of Employees (As of March 31, 2013)**

**(1) State of Employees at the Group**

Number of Employees	Increase or Decrease in Comparison with End of Previous Consolidated Fiscal Year
12,781	813 decrease

Notes:

1. The number of employees excludes employees transferred from a Group company to a non-Group company, but includes employees transferred from a non-Group company to a Group company.
2. The number of employees at the Group decreased by 813 from the end of the previous consolidated fiscal year, due mainly to the decrease of employees at the overseas manufacturing subsidiaries.

**(2) State of Employees at the Company**

Number of Employees	Increase or Decrease in Comparison with End of Previous Fiscal Year	Average Age	Average Years of Service
4,241	25 decrease	45.0	20.8

Note:

The number of employees excludes employees transferred from the Company to an outside company, but includes employees transferred from an outside company to the Company.

**[14] State of Major Lenders (As of March 31, 2013)**

(Millions of yen)

Name of Lenders	Debt Balance
Sumitomo Mitsui Banking Corporation	11,450
Resona Bank, Ltd.	11,450
Sumitomo Mitsui Trust Bank, Limited	11,152
Mitsubishi UFJ Trust and Banking Corporation	8,021
Shinsei Bank, Limited	5,190
The Bank of Yokohama, Ltd.	4,612
Aozora Bank, Ltd.	3,690
ShinGinko Tokyo, Limited	2,300
Mizuho Corporate Bank, Ltd.	2,022
Showa Leasing Co., Ltd.	978

(Translation)

### [15] Other Important Subsequent Events of the Consolidated Group

As for the decision by the Financial Services Agency to issue a Surcharge Payment Order Against JVC KENWOOD on December 9, 2010, the Company had filed a lawsuit with the Tokyo District Court aiming to rescind the decision. After the Tokyo District Court rejected our request, the Company filed an appeal with the Tokyo High Court. However, the Tokyo High Court on March 28, 2013 handed down a decision rejecting JVC KENWOOD's appeal.

JVC KENWOOD have considered future actions, and on April 10, 2013 filed an appeal with the Supreme Court against the above judgment of the Tokyo High Court as well as a petition for acceptance of final appeal. This action was based on our belief not only that the above decision by the Financial Services Agency and judgments by the respective courts are unjust, but also that this is an important case involving important interpretation issues regarding the Financial Instruments and Exchange Act as well as constitutional issues.

Based on a resolution passed at its Board of Directors meeting held on April 12, 2013, JVC KENWOOD concluded an absorption-type company split agreement with TOTOKU ELECTRIC CO., LTD. (hereinafter referred to as "TOTOKU Electric") under which JVC KENWOOD would be the succeeding company. This agreement concerns the succession of JVC KENWOOD's Information Equipment business (hereinafter referred to as the "business"), which includes medical image display systems and car electronics EMS, as well as all shares of TOTOKU Nagaoka Corporation, a consolidated subsidiary of TOTOKU Electric, through a corporate split (absorption-type split).

## 2. Matters Regarding the Company's Shares (As of March 31, 2013)

[1] Total number of authorized shares	400,000,000
[2] Total number of outstanding shares	139,000,201
(Treasury stock)	332,078
[3] Number of shareholders	61,985

### [4] Major shareholders (Top 10)

Name of Shareholder	Capital Contribution	
	Shareholding	Ratio of Capital Contribution
Japan Trustee Services Bank, Ltd. (Trust Account)	6,639,000	4.79%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,518,300	3.26%
The Master Trust Bank of Japan, Ltd	4,389,300	3.17%
DENSO CORPORATION	4,171,000	3.01%
GOLDMAN SACHS & CO. REG	2,973,730	2.14%
EVERGREEN	2,861,100	2.06%
STATE STREET BANK AND TRUST COMPANY 505103	2,483,400	1.79%
Japan Securities Finance Co., Ltd.	2,331,100	1.68%
THE BANK OF NEW YORK – JASDECTREATY ACCOUNT	2,240,420	1.62%
The Dai-ichi Life Insurance Company, Limited	1,852,268	1.34%

Note:

The ratio of capital contribution is calculated after deducting treasury stock (332,078 shares) from the total number of outstanding shares.

## 3. Matters Regarding the Company's Subscription Rights to Shares (As of March 31, 2013)

At the time of term modification, including the extension of its maturity date, for the No.7 Unsecured Bond issued by our former subsidiary Victor Company of Japan, Limited in August 2007, the Company—by the resolution of the Board of Directors held on August 1, 2011—issued the No.1 Subscription Rights to Shares to the holders of the said bonds in exchange for the profits the Company was to gain by the modification.

(Translation)

#### 4. Matters Regarding Company Officers

##### [1] State of Directors and Statutory Auditors (As of March 31, 2013)

Name	Position	Responsibilities and Representation at Other Corporations
Haruo Kawahara	Representative Director of the Board	Chairman of the Board of Directors
Shoichiro Eguchi	President, Representative Director of the Board	Executive Officer CEO, Chief Risk Officer (CRO), and Chairman of Growth Strategy Promotion Conference
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, Assistant to CRO, General Executive of Emerging Marketing Planning Division, and COO of Professional Systems Business Group
Satoshi Fujita	Director of the Board	Chief Financial Officer (CFO) & Executive Officer, General Executive of the Strategic Finance and Accounting Division, General Executive of Financial and Accounting Division
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, Assistant to CRO, General Executive of Emerging Marketing Planning Division, and COO of Home & Mobile Electronics Business Group
Toshiaki Matsuzawa	Director of the Board	Senior Vice President & Executive Officer, Assistant to CRO, Deputy General Executive of Emerging Marketing Planning Division, COO of Car Electronics Business Group, and General Executive of OEM Division
Nobuo Seo	Director of the Board	Partner, Tokyo Hatchobori Law Office
Koji Kashiwaya	Director of the Board	Director, Maruzen Textile Co. Director, Busou Real Estate Co.
Junichi Hikita	Director of the Board	President and Representative Director, Hikita Consulting Co., Ltd.
Takayoshi Sakamoto	Statutory Auditor	—
Akihiko Washida	Statutory Auditor	—
Shojiro Asai	Statutory Auditor	Executive Vice President and Director, Rigaku Corporation Director, Japan Analytical Instruments Manufacturers' Association

Notes:

1. Directors Nobuo Seo, Koji Kashiwaya and Junichi Hikita are external directors stipulated in Article 2-15 of the Companies Act.
2. Statutory Auditors Akihiko Washida and Shojiro Asai are external statutory auditors stipulated in Article 2-16 of the Companies Act.
3. Auditor Takayoshi Sakamoto has been responsible for finance and accounting operations and the like at the Group for about 11 years and has sufficient knowledge concerning finance and accounting.
4. Directors Fuwa Hisayoshi, Kazuo Shiohata and Hiroshi Kukimoto and Statutory Auditors Shigeharu Tsuchitani, Hideaki Kato, Noriyuki Shouyama and Koichi Kurosaki retired from office upon expiration of his term as of the end of the 4th General Meeting of Shareholders held on June 26, 2012.
5. The Company designated Directors Nobuo Seo, Koji Kashiwaya and Junichi Hikita and Statutory Auditors Akihiko Washida and Shojiro Asai as an independent officer, as stipulated in the provisions of the Tokyo Stock Exchange (TSE), and notified the TSE accordingly.
6. Changes in Directors and Statutory Auditors during the fiscal year are as follows.

(Translation)

(As of September 1, 2012)

Name	Position	Responsibilities and Representation at Other Corporations
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, General Executive of Strategic Marketing Planning Division, General Executive of Emerging Marketing Planning Division, and COO of Professional Systems Business Group
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, Emerging Marketing Planning Division, and COO of Home & Mobile Electronics Business Group
Toshiaki Matsuzawa	Director of the Board	Senior Vice President & Executive Officer, Deputy General Executive of Emerging Marketing Planning Division, COO of Car Electronics Business Group, and General Executive of OEM Division

(As of November 1, 2012)

Name	Position	Responsibilities and Representation at Other Corporations
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, General Executive of Emerging Marketing Planning Division, and COO of Professional Systems Business Group
Satoshi Fujita	Director of the Board	Chief Financial Officer (CFO) & Executive Officer, General Executive of the Strategic Finance and Accounting Division, General Executive of Financial and Accounting Division

7. The Company adopts the Executive Officer System.

There are 10 Executive Officers as of March 31, 2013: Shoichiro Eguchi, Kazuhiro Aigami, Satoshi Fujita, Naokazu Kurihara and Toshiaki Matsuzawa, who are among the Directors mentioned above, and the following 5 persons.

Name	Position and Responsibilities
Masaaki Saito	Senior Executive Vice President & Executive Officer, Assistant to CRO, and COO of Entertainment Business Group, President and Representative Director of Victor Entertainment Inc.
Kensuke Kawai	Executive Officer, Chief Technical Officer (CTO), General Executive of Strategic Research & Development Division, General Executive of New Business Incubation Center, General Executive of Software Factory, Strategic Research & Development Division
Masaki Imai	Senior Vice President & Executive Officer, General Executive of Strategic Corporate Planning Division, General Executive of Overseas Marketing Division, Emerging Market Planning Division
Masachika Komiyama	Senior Vice President & Executive Officer, General Executive of the Human Resources Management & Administration Division, President of J&K Partners Corporation
Nobuo Ochiai	Senior Vice President & Executive Officer, General Executive of Global Production & Procurement Division, Corporate Representative of JVC KENWOOD ASIA Headquarters

**[2] Amount of Compensation for Directors and Statutory Auditors**

Title	Number of Relevant Personnel	Amount of compensation (Millions of yen)
Director	12	320
(External Director)	(3)	(43)
Statutory Auditor	7	47
(External Auditor)	(4)	(16)
Total	19	368

**(Translation)**

## Notes:

1. The table above includes three (3) directors and four (4) statutory auditors, who retired from office at the end of the 4<sup>th</sup> General Meeting of Shareholders, held on June 26, 2012.
2. The amount of compensation for directors does not include the compensation that they receive for being employees, if they are employees as well as directors. Currently, there are no such directors in the Company.
3. It was resolved, with regard to determination of compensation for directors and statutory auditors, at the 1<sup>st</sup> General Meeting of Shareholders of the Company, held on June 24, 2009, that compensation for directors is up to 36 million yen a month (of which, compensation for external directors is up to 4 million yen) and that compensation for statutory auditors is up to 9 million yen a month. It was also resolved that bonuses, retirement benefits or any other monetary compensation will not be paid to directors and statutory auditors.

**[3] Matters Regarding External Officers****(1) State of Important Concurrency of External Officers**

Position	Name	Company of Concurrent Office	Responsibilities of Concurrent Office	Relationship
External Director	Nobuo Seo	Tokyo Hatchobori Law Office	Partner	No significant business relationship with JVC KENWOOD Corporation
	Koji Kashiwaya	Maruzen Textile Co.	Director	
		Busou Real Estate Co.	Director	
	Junichi Hikita	Hikita Consulting Co., Ltd.	President and Representative Director	
External Statutory Auditor	Akihiko Washida	—	—	—
	Shojiro Asai	Rigaku Corporation	Executive Vice President and Director	No significant business relationship with JVC KENWOOD Corporation
Japan Analytical Instruments Manufacturers' Association		Director		

**(2) Major Activities of External Officers**

Position	Name	Major Activities
External Director	Nobuo Seo	Attendance in meetings of the Board of Directors in the current fiscal year: 23 (attendance rate: 88.5%) Mr. Seo provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience and knowledge as a lawyer and proper advice in legal matters based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Koji Kashiwaya	Attendance in the meetings of the Board of Directors in the current fiscal year: 26 (attendance rate: 100.0%) Mr. Kashiwaya provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge in areas such as finance and taxation and proper advice based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Junichi Hikita	Attendance in the meetings of the Board of Directors in the current fiscal year: 19 (attendance rate: 95.0%) Mr. Hikita provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge as a an engineer and manager and proper advice in technical aspects based on his professional views, from the position of an objective third party not involved in the business execution of the Group.

(Translation)

Position	Name	Major Activities
External Statutory Auditor	Akihiko Washida	Attendance in the meetings of the Board of Directors in the current fiscal year: 26 (attendance rate: 100.0%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 14 (attendance rate: 100.0%) Mr. Washida provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience, performance and knowledge in business management and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Shojiro Asai	Attendance in the meetings of the Board of Directors in the current fiscal year: 18 (attendance rate: 90.0%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 10 (attendance rate: 90.9%) Mr. Asai provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience and knowledge as an engineer and manager and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group

Notes:

1. During the current fiscal year, there were 26 meetings of the Board of Directors and 14 meetings of the Board of Statutory Auditors.
2. Director Junichi Hikita took office at the end of the 4th Ordinary General Meeting of Shareholders held on June 26, 2012, and therefore, his attendance rate is calculated from 20 meetings of the Board of Directors which have been held after he assumed his position.
3. Statutory Auditor Shojiro Asai took office at the end of the 4th Ordinary General Meeting of Shareholders held on June 26, 2012, and therefore, his attendance rate is calculated from 20 meetings of the Board of Directors and 11 meetings of the Board of Statutory Auditors which have been held after he assumed his position.

**(3) Matters Regarding the Liability Limitation Agreement (Overview of the Liability Limitation Agreement of External Directors and External Statutory Auditors)**

The Company's Articles of Incorporation prescribe a provision regarding a liability limitation agreement to be concluded with external directors and external statutory auditors.

An outline of the details of the liability limitation agreements that the Company concluded with all external directors and external statutory auditors in accordance with the Articles of Incorporation is as follows:

The amount of indemnity liability provided under Article 423-1 of the Companies Act is limited to 5 million yen or the minimum liability limitation provided by the law, whichever is higher, provided that the external directors and external statutory auditors have acted faithfully and without gross negligence.

**(4) Amount of Compensation Received as Executive Officer for Current Fiscal Year from Parent Company or Subsidiary of Parent Company**

Not applicable.

**(5) Opinions from External Officers in Relation to the Description**

Not applicable.

**5. State of Accounting Auditor**

**[1] Name of Accounting Auditor**

Deloitte Touche Tohmatsu

**[2] Overview of Liability Limitation Agreement**

Not applicable.

(Translation)

### [3] Amount of Compensation for Accounting Auditor for Current Fiscal Year

(Millions of yen)

Amount of compensation for accounting auditor for current fiscal year	192
Total amount of money and other financial benefits to be paid by the Company and the Company's subsidiaries	223

Notes:

1. In the audit agreement between the Company and the accounting auditor, the amounts of compensation for the audit based on the Companies Act and the audit based on the Financial Instruments and Exchange Act is not distinguished, and also substantively undistinguished. Therefore the total amount of this compensation is stated as the amount of compensation for the accounting auditor for the current fiscal year.
2. As for (2) State of Important Subsidiaries, in [10] State of Important Parent Companies and Subsidiaries, etc. under 1. Matters Concerning the Current Situation of the Group, subsidiaries other than Victor Entertainment, Inc., and Victor Creative Media Co., Ltd. are audited by certified public auditors or corporate auditors other than the Company's.

### [4] Policy for Dismissal and Non-reappointment Decisions

At the Company, if the accounting auditor falls under the items stipulated in Article 340-1 of the Companies Act, the Board of Statutory Auditors shall dismiss the accounting auditor based on the unanimous consent of the Board of Statutory Auditors. Also, in principle, in case the accounting auditor becomes unable to perform the auditing service, such as receiving an audit business suspension order from a regulatory authority, the Board of Statutory Auditors shall propose to the general meeting of shareholders, a bill concerning the dismissal or non-reappointment of the accounting auditor.

## 6. Framework and Policies of the Company

### [1] Framework to Ensure the Conformity of the Directors' Exercise of Function with the Laws and Regulations and the Articles of Incorporation/Framework to Ensure Propriety of Other Operations

The matters which the Company set forth at the Board of Directors as "the establishment of a framework necessary to ensure propriety of the operations of a stock corporation" stipulated in Article 362-4-6 of the Companies Act and in Article 100-1 and 100-3 of the Ordinance for Enforcement of the Companies Act are as follows:

#### 1) Framework to Ensure the Conformity of the Directors' Exercise of Function with the Laws and Regulations and the Articles of Incorporation

- (1) To concretely lay down the guideline for practicing the management principles and abide thereby
- (2) To establish rules regarding the directors' ethics and abide thereby
- (3) To prescribe the "Board of Directors Regulation" and properly supervise the decision-making by the management and execution of duty by the directors
- (4) To let the auditors audit the directors' execution of their duties from an independent position

#### 2) Framework for the Storage and Management of Information in Relation to the Directors' Exercise of Function

- (1) To create Minutes of Board of Directors in accordance with the "Board of Directors Regulation" and permanently store the minutes at the head office
- (2) To establish rules for the decision-making (*ringi*) system, safe-keeping of important information related to finance, etc., and creation/storage of documents and handle them determinately

#### 3) Framework for Regulations and Such Concerning the Management of Risk of Loss

- (1) To prescribe rules regarding the compliance and risk management, establish a company-wide structural system to monitor them and clarify the responsibility
- (2) To update risk management rules classified for types of risk and apply them for the prevention of various risks, clarification of actions to be taken and measures for restoration

#### 4) Framework to Ensure the Efficient Exercise of Function of the Directors

- (1) To clarify the management objectives by the establishment of a business plan or such like, and verify the accomplishment status thereof
- (2) To prescribe the "Board of Directors Regulation" and the "Administrative Authority Regulation" and clarify the management decision-making method
- (3) To establish rules regarding the segregation of authority and duty for each department and implement them determinately

#### 5) Framework to Secure Compliance of Employees' Execution of Duty with Laws/Regulations



(Translation)

**and Articles of Incorporation**

- (1) To establish standards which indicate the corporate philosophy and action guidelines for employees, nominate the department to manage the observation of corporate ethics and let the standard and the organization be fully recognized by all employees including those of domestic and overseas group companies
- (2) To update various internal rules, guidelines, and such like, and make them as the guidelines for the execution of duties by the employees
- (3) To execute the internal audit and make the internal notification system fully workable

**6) Framework to Ensure Propriety of Business Operation for the Corporate Group Consisting of the Company and Its Subsidiaries**

- (1) To share the corporate philosophy and management policies with group subsidiary companies and expand the application of the "Administrative Authority Regulation," the "Decision-making Authority Standards" and the "Decision-making Items Table" to subsidiary group companies in order to ensure the propriety of business operations as a whole corporate group
- (2) To dispatch directors or business supervising officers to main group subsidiary companies in order to ensure the propriety of business operation
- (3) To execute the audit of subsidiary group companies by the internal audit department

**7) System Related to Employees to Assist Statutory Auditors' Duty and Matters Regarding Independency of Such Employees from Directors' Control**

- (1) To assign employees to support the auditing work as staffs of statutory auditors
- (2) To let statutory auditors evaluate the performance of employees exclusively assigned as staff of statutory auditors and to have prior discussion with statutory auditors with regard to the assignment of such staff

**8) Framework for the Reporting of Directors and Assistants to Statutory Auditors/Framework for Other Reporting to Statutory Auditors**

- (1) To let statutory auditors attend the Board of Directors meetings and other important meetings and listen to reports there
- (2) To let directors and general managers of head office departments report their business execution status periodically and as required
- (3) To let statutory auditors execute auditing of every business units and domestic/overseas group companies based on the annual audit plan, including the above, and listen to reports there.
- (4) To provide a notification system, by which parties such as employees can directly notify any fraudulent activities and concerned issues regarding accounting and auditing to the Board of Statutory Auditors

**9) Framework to Ensure Effective Auditing of Statutory Auditors**

- (1) To let directors prepare conditions to enable the execution of effective audit in accordance with the audit plan to be made up by statutory auditors.
- (2) To let representative directors and statutory auditors have periodical meetings in order to enhance mutual communication
- (3) To let directors prepare conditions to enable statutory auditors to cooperate with the departments in charge of legal affairs, accounting and internal auditing as well as external experts for the implementation of their duty

**10) Framework to Ensure Propriety of Financial Reports**

- (1) To prepare the system to ensure the propriety of financial reports of the corporate group consisting of the Company and its subsidiaries based on the Financial Instruments and Exchange Act and related laws and regulations
- (2) To evaluate the enhancement and operation of the system to ensure the propriety of financial reports periodically and promote the improvement

**11) Basic Policy for the Elimination of Antisocial Forces**

The Group shall block off any and all transactions, including the provision of funds and backstage deals, with all antisocial organizations which could possibly cause damage to the whole JVCKENWOOD Group, including its stakeholders by making unjustifiable requests to the Group's officers and employees or by obstructing healthy business activities, by means of tying up with external professional organizations as necessary and taking appropriate measures including legal actions. The Group recognizes that the exclusion of such antisocial forces is essential for ensuring the propriety of the Company's businesses.

**[2] Basic Policy Regarding the Control of a Stock Company**

If a share acquisition by a specific individual or group may risk damaging the corporate value or the common interests of shareholders, the Company considers it necessary to take appropriate measures

**(Translation)**

to ensure the corporate value and the common interests of shareholders to the extent that can be tolerated by laws and regulations and the Articles of Incorporation. The Company also acknowledges the importance of ensuring the corporate value and the common interests of shareholders, and is carefully continuing reviews on the matter, but at this point no concrete defense measures have been implemented.

**[3] Basic Policies for Distribution of Profits**

The Company considers it one of the most important managerial issues to provide shareholders with stable returns on their investments, and decides on details such as the dividends from surplus by comprehensively taking into account profitability and financial conditions.

The Company stipulates in its Articles of Incorporation that it can pay dividends from surplus on a record date it determines, in addition to two (2) record dates in a year: the record date for the year-end dividend (March 31) and that for the interim dividend (September 30).

The Company stipulates in its Articles of Incorporation that matters, including dividends from surplus, set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be decided by resolutions of the Board of Directors, not those of general meeting of shareholders, unless otherwise provided by laws and regulations.

Based on this policy, the Company decided not to pay an interim dividend for the fiscal year under review at a meeting of its Board of Directors, held on November 1, 2012. Nevertheless, it decided to pay a year-end dividend of five yen per share same as last fiscal year at a meeting of the Board of Directors, held on May 15, 2013. This will be done as a measure for returning stable profits because consolidated net income for the fiscal year under review—although decreased substantially year on year—reached sufficient levels for dividend payment.

(Translation)

**Consolidated Balance Sheet**  
(As of March 31, 2013)

(Millions of yen)

Accounting Items	Amount	Accounting Items	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>163,123</b>	<b>Current liabilities</b>	<b>139,630</b>
Cash and cash equivalents	57,760	Trade notes and accounts payable	32,104
Trade notes and accounts receivable	52,749	Short term loans payable	11,472
Merchandise and finished goods	29,904	Current portion of bonds payable	5,946
Work in process	2,547	Current portion of long-term loans payable	50,305
Raw materials and supplies	6,777	Other accounts payable	10,207
Deferred tax assets	5,319	Accrued expenses	18,568
Other current assets	9,391	Income taxes payable	1,487
Allowance for doubtful receivables	(1,327)	Provision for product warranties	1,773
		Provision for sales returns	1,663
		Other current liabilities	6,100
<b>Fixed assets</b>	<b>83,316</b>		
<b>Tangible fixed assets</b>	<b>51,083</b>	<b>Long term liabilities</b>	<b>39,743</b>
Buildings and structures	12,924	Bonds payable	5,677
Machinery and equipment	4,057	Long-term loans payable	13,064
Tools, furniture and fixtures	4,634	Deferred tax liabilities for land revaluation	1,772
Land	28,314	Deferred tax liabilities	6,201
Construction in Progress	1,153	Liability for employee's retirement benefits	10,687
		Other long term liabilities	2,338
<b>Intangible fixed assets</b>	<b>15,024</b>	<b>Total Liabilities</b>	<b>179,374</b>
Goodwill	4,431	Net Assets	
Software	7,199	<b>Shareholders' equity</b>	<b>80,025</b>
Other intangible fixed assets	3,393	<b>Paid-in capital</b>	<b>10,000</b>
<b>Investments and other assets</b>	<b>17,207</b>	<b>Capital surplus</b>	<b>45,875</b>
Investment securities	7,842	<b>Retained earnings</b>	<b>24,686</b>
Prepaid pension cost	4,551	<b>Treasury stock</b>	<b>(536)</b>
Other investments	5,976		
Allowance for doubtful receivables	(1,162)	<b>Other comprehensive income</b>	<b>(14,410)</b>
		Unrealized gain and loss on available-for-sale securities	250
<b>Deferred assets</b>	<b>174</b>	Land revaluation surplus	3,209
Stock Acquisition Rights Issuance Costs	174	Foreign currency translation adjustments	(17,870)
		<b>Subscription rights to shares</b>	<b>806</b>
		<b>Minority interests</b>	<b>818</b>
		<b>Total Net Assets</b>	<b>67,240</b>
<b>Total Assets</b>	<b>246,614</b>	<b>Total Liabilities and Net Assets</b>	<b>246,614</b>

Notes to consolidated financial statements and notes to non-consolidated financial statements are posted on the Company's website (<http://www.jvcknwood.co.jp/ir/stock/index.html>).

(Translation)

**Consolidated Statement of Income**  
(From April 1, 2012 to March 31, 2013)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		<b>306,580</b>
<b>Cost of sales</b>		<b>216,140</b>
<b>Gross profit</b>		<b>90,440</b>
<b>Selling, general and administrative expenses</b>		<b>80,836</b>
<b>Operating profit</b>		<b>9,603</b>
<b>Non-operating profit</b>		
Interest income	201	
Dividends income	85	
Adjustment of patent fees for past years	318	
Reversal of provision for product warranties	431	
Equity in earnings of affiliates	120	
Other non-operating profit	785	1,942
<b>Non-operating expense</b>		
Interest expense	2,721	
Sales discounts	347	
Foreign exchange losses	2,819	
Loan commission	598	
Other non-operating expenses	1,952	8,439
<b>Ordinary income</b>		<b>3,106</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	244	
Gain on sales of investment securities	279	
Insurance income for disaster	918	
Other extraordinary profit	21	1,463
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	138	
Loss on sales of fixed assets	120	
Loss on sales of investment securities	175	
Business structural reform expenses	284	
Employment structural reform expenses	555	
Loss on compensation for lease contracts	45	
Loss on disaster	155	
Other extraordinary loss	47	1,524
<b>Income before income taxes</b>		<b>3,046</b>
Corporate tax, corporate inhabitant tax and corporate enterprise tax	1,975	
Corporate tax and other adjustment	(110)	1,865
<b>Income before minority interests</b>		<b>1,181</b>
Minority interests in income		34
<b>Net income</b>		<b>1,146</b>

(Translation)

**Consolidated Statement of Changes in Shareholders' Equity**  
(From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2012</b>	<b>10,000</b>	<b>45,875</b>	<b>24,187</b>	<b>(535)</b>	<b>79,527</b>
<b>Changes during the consolidated fiscal year</b>					
Dividends from surplus			(693)		(693)
Net income			1,146		1,146
Acquisition of treasury stocks				(0)	(0)
Disposal of treasury stock				0	0
Change of scope of consolidation			45		45
Changes (net amount) of items other than shareholders' equity during the fiscal year					
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>—</b>	<b>498</b>	<b>(0)</b>	<b>498</b>
<b>Balance as of March 31, 2013</b>	<b>10,000</b>	<b>45,875</b>	<b>24,686</b>	<b>(536)</b>	<b>80,025</b>

	Other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Unrealized gain and loss on available-for-sale securities	Land revaluation surplus	Foreign currency translation adjustments	Total other comprehensive income			
<b>Balance as of April 1, 2012</b>	<b>121</b>	<b>3,209</b>	<b>(27,423)</b>	<b>(24,092)</b>	<b>806</b>	<b>830</b>	<b>57,072</b>
<b>Changes during the consolidated fiscal year</b>							
Dividends from surplus							(693)
Net income							1,146
Acquisition of treasury stocks							(0)
Disposal of treasury stock							0
Change of scope of consolidation							45
Changes (net amount) of items other than shareholders' equity during the fiscal year	129	—	9,552	9,682	—	(12)	9,669
<b>Total changes during the fiscal year</b>	<b>129</b>	<b>—</b>	<b>9,552</b>	<b>9,682</b>	<b>—</b>	<b>(12)</b>	<b>10,167</b>
<b>Balance as of March 31, 2013</b>	<b>250</b>	<b>3,209</b>	<b>(17,870)</b>	<b>(14,410)</b>	<b>806</b>	<b>818</b>	<b>67,240</b>

(Translation)

**Non-consolidated Balance Sheet**

(As of March 31, 2013)

(Millions of yen)

Accounting Items	Amount	Accounting Items	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>84,876</b>	<b>Current liabilities</b>	<b>130,969</b>
Cash and cash equivalents	23,929	Notes payable-trade	1,224
Notes receivable-trade	837	Accounts payable-trade	28,708
Accounts receivable-trade	29,684	Short term loans payable	8,250
Merchandise and finished goods	9,384	Short-term loans payable to subsidiaries and affiliates	21,068
Work in process	713	Current portion of bonds payable	5,946
Raw materials and supplies	1,935	Current portion of long-term loans payable	50,305
Advance payments-trade	53	Debt for lease	103
Prepaid expenses	733	Other accounts payable	6,279
Short-term loans receivable	3	Accrued expenses	5,734
Short-term loans receivable from subsidiaries and affiliates	6,112	Income taxes payable	344
Accrued revenue	8,763	Advances received	737
Deferred tax assets	2,804	Deposits received	1,683
Other	761	Unearned revenue	104
Allowance for doubtful receivables	(838)	Provision for product warranties	473
		Other current liabilities	5
<b>Fixed assets</b>	<b>150,694</b>	<b>Long term liabilities</b>	<b>29,910</b>
<b>Tangible fixed assets</b>	<b>29,617</b>	Bonds payable	5,677
Buildings	6,622	Long-term loans payable	13,064
Structures	186	Debt for lease	164
Machinery and equipment	165	Deferred tax liabilities for land revaluation	1,772
Vehicles	144	Deferred tax liabilities	3,574
Tools, furniture and fixtures	916	Provision for retirement benefits	4,579
Land	20,693	Asset retirement obligations	538
Construction in progress	888	Other long term liabilities	538
<b>Intangible fixed assets</b>	<b>6,690</b>	<b>Total Liabilities</b>	<b>160,879</b>
Software	6,601	<b>Net Assets</b>	
Other	89	<b>Shareholders' equity</b>	<b>70,695</b>
<b>Investments and other assets</b>	<b>114,386</b>	<b>Paid-in capital</b>	<b>10,000</b>
Investment securities	2,803	<b>Capital surplus</b>	<b>56,899</b>
Investments in affiliated companies	100,840	Capital reserve	10,000
Investments in capital	1	Other capital surplus	46,899
Investments in capital of subsidiaries and affiliates	5,171	<b>Retained earnings</b>	<b>4,332</b>
Long-term loans receivable	204	Other retained earnings	4,332
Long-term loans receivable from subsidiaries and affiliates	4,514	Cumulative retained earnings	4,332
Claims provable in bankruptcy, claims provable in rehabilitation and other	226	<b>Treasury stock</b>	<b>(536)</b>
Long-term prepaid expenses	1,417	<b>Valuation and translation adjustments</b>	<b>3,363</b>
Prepaid pension cost	3,860	Unrealized gain and loss on available-for-sale securities	153
Other	1,171	Land revaluation surplus	3,209
Allowance for loss on investment in subsidiaries and affiliates	(1,558)	<b>Subscription rights to shares</b>	<b>806</b>
Allowance for doubtful receivables	(4,264)		
<b>Deferred assets</b>	<b>174</b>	<b>Total Net Assets</b>	<b>74,865</b>
Stock acquisition rights issuance cost	174		
<b>Total Assets</b>	<b>235,745</b>	<b>Total Liabilities and Net Assets</b>	<b>235,745</b>

(Translation)

**Non-consolidated Statement of Income**  
(From April 1, 2012 to March 31, 2013)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		<b>209,133</b>
<b>Cost of sales</b>		<b>171,469</b>
<b>Gross profit</b>		<b>37,664</b>
<b>Selling, general and administrative expenses</b>		<b>33,080</b>
<b>Operating profit</b>		<b>4,583</b>
<b>Non-operating profit</b>		
Interest income	200	
Dividends income	6,379	
Reversal of allowance for doubtful accounts	167	
Reversal of allowance for loss on investment in subsidiaries and affiliates	51	
Other	1,451	8,249
<b>Non-operating expense</b>		
Interest expense	2,649	
Interest on bonds	615	
Loan commission	576	
Foreign exchange losses	2,590	
Provision of allowance for doubtful accounts	824	
Provision of allowance for loss on investment in subsidiaries and affiliates	617	
Other	1,059	8,932
<b>Ordinary profit</b>		<b>3,900</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	5	
Gain on sales of investment securities	279	
Gain on exchange from dividend in kind	170	456
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	12	
Loss on sales of fixed assets	28	
Loss on sales of investment securities	175	
Loss on valuation of stocks of subsidiaries and affiliates	368	
Loss on exchange from dividend in kind	185	
Other	80	852
<b>Income before income taxes</b>		<b>3,504</b>
Corporate tax, corporate inhabitant tax and corporate enterprise tax	(333)	
Corporate tax and other adjustment	466	133
<b>Net income</b>		<b>3,371</b>

(Translation)

**Non-consolidated Statement of Changes in Shareholders' Equity**  
(From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity						
	Paid-in capital	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Cumulative retained earnings		
<b>Balance as of April 1, 2012</b>	10,000	10,000	46,899	56,899	2,243	(535)	68,607
<b>Cumulative effect of correction of errors</b>					(589)		(589)
<b>Shareholders' equity as restated</b>	10,000	10,000	46,899	56,899	1,654	(535)	68,018
<b>Changes during the fiscal year</b>							
Dividends from surplus					(693)		(693)
Net income					3,371		3,371
Acquisition of treasury stocks						(0)	(0)
Disposal of treasury stocks						0	0
Changes of items other than shareholders' equity							
<b>Total changes during the fiscal year</b>	—	—	—	—	2,677	(0)	2,676
<b>Balance as of March 31, 2013</b>	10,000	10,000	46,899	56,899	4,332	(536)	70,695

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized gain and loss on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
<b>Balance as of April 1, 2012</b>	131	3,209	3,341	806	72,755
<b>Cumulative effect of correction of errors</b>					(589)
<b>Shareholders' equity as restated</b>	131	3,209	3,341	806	72,166
<b>Changes during the fiscal year</b>					
Dividends from surplus					(693)
Net income					3,371
Acquisition of treasury stocks					(0)
Disposal of treasury stocks					0
Changes of items other than shareholders' equity	22	—	22	—	22
<b>Total changes during the fiscal year</b>	22	—	22	—	2,699
<b>Balance as of March 31, 2013</b>	153	3,209	3,363	806	74,865



## Statutory Auditors' Report

### Audit Report

The Board of Statutory Auditors audited the Directors' performance of duties for the 5th business period from April 1, 2012 to March 31, 2013. The Board of Statutory Auditors reports the method and the results as follows.

#### 1. Audit Method and Details

The Board of Statutory Auditors established the auditing policies, audit plan, audit implementation standards, and received reports from each Statutory Auditor on the status of implementation of audits and results thereof. In addition, it received reports from Directors, Executive Officers, and the accounting auditor on the status of execution of their duties and asked them for explanations as necessary.

In accordance with the auditing policies and auditing standards for Statutory Auditors, which were established by the Board of Statutory Auditors, each Statutory Auditor maintained good communication with Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees, strived to collect information and improve the auditing environment, and implemented audits as follows:

- (1) We attended meetings of the Board of Directors and other meetings as deemed important, received reports from Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees on the status of execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made and other important documents, and examined business and financial conditions at the head office and principal offices.
- (2) Also, with regard to the details of the resolution made by the Board of Directors concerning the establishment of the systems stipulated in Article 100, Paragraphs 1 and 3 of the Regulations for the Enforcement of the Companies Act as what is necessary for ensuring the appropriateness of operations of stock companies, including the framework to ensure the conformity of the Directors' exercise of function with the Laws and Regulations and the Articles of Incorporation, which is described in the Business Report, as well as systems established based on the relevant resolution (internal control systems), we periodically received reports from Directors, the Management Audit Office (the internal audit division), the internal control division and employees on the status of establishment and operation of such systems, asked for explanations as necessary and expressed our opinions.
- (3) With regard to subsidiaries, we implemented audit activities in cooperation with statutory auditors of the subsidiaries of the Company from the standpoint of consolidated audit of the Company's statutory group, received reports from statutory auditors of the subsidiaries, maintained good communications and exchanged information with directors and others of the subsidiaries, visited the head offices, principal offices and principal divisions of the subsidiaries, received reports on business and asked for explanations as necessary.
- (4) In addition, we monitored and verified whether the accounting auditor maintains independency and properly implements audit, received from the accounting auditor reports on the execution of duties and asked for explanations as necessary. We also received a report from the accounting auditor stating that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Company Accounting Regulations) have been established in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and asked the accounting auditor for explanations as necessary.

Based on the above method, the Board of Statutory Auditors examined the non-consolidated financial statements (balance sheet, statements of income, statement of changes in net assets, and notes to financial statements), the supporting schedules, and the consolidated financial statements (balance sheet, statements of income, statement of net assets, and notes to financial statements) for the current fiscal year.

#### 2. Audit Results

- (1) Audit Results of Business Report and Others
  - (i) The Board of Statutory Auditors acknowledges that the business report and the supporting schedules fairly present the Company's conditions in accordance with laws, regulations and the Articles of Incorporation.
  - (ii) With regard to the performance of duties by Directors, the Board of Statutory Auditors finds no significant evidence of wrongful acts, nor violations of laws, regulations, or the Articles of Incorporation.
  - (iii) The Board of Statutory Auditors acknowledges that the content of the resolution by the Board of Directors concerning the internal control system is appropriate. Also, statements in the Business Report and execution of duties by Directors regarding the relevant internal control systems have nothing to be pointed out.
- (2) Audit Results on the Non-consolidated Financial Statements and the Supporting Schedules

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.
- (3) Audit Results of Consolidated Financial Statements

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.

May 13, 2013

The Board of Statutory Auditors, JVC KENWOOD Corporation  
Statutory Auditor (full time) Takayoshi Sakamoto (seal)  
Statutory Auditor (external) Akihiko Washida (seal)  
Statutory Auditor (external) Shojiro Asai (seal)

(Translation)

## SHAREHOLDERS' MEMO

- Fiscal year	April 1 to March 31
- Ordinary general meeting of shareholders	Some time in June
- Record date with respect to voting rights to be exercised at the ordinary general meeting of shareholders	March 31
- Base dates for dividends from surplus	September 30 March 31 Dividends from surplus may be paid on base dates other than the above base dates.
- Method of public notice	Public notices will be made electronically. Electronic public notices will be posted on our website: ( <a href="http://www.jvckenwood.co.jp">http://www.jvckenwood.co.jp</a> )  However, in the event that electronic public notices are not available for reasons such as accidents or other contingencies, the public notice will be posted in the <i>Nikkei</i> (the <i>Nihon Keizai Shimbun</i> )
- Stock listing market	1st Section of Tokyo Stock Exchange
- Securities Code	6632
- Share unit number	100 unit
- Administrator of shareholder registry	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Service location	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Contact (Inquires/Sending address)	8-4, 2-chome, Izumi, Suginami-ku, Tokyo, 168-0063 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Telephone inquiries: 0120-782-031 <a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>

### Contact

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### Forward-looking Statements

When included in this convocation notice, the words "will," "should," "expects," "intends," "anticipates," "estimates," and similar expressions, among others, identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in this document. These forward-looking statements are made only as of the date of this document. JVC KENWOOD Corporation expressly disclaims any obligations or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Actual results may vary widely from forecasts due to the following factors: 1) drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, the Americas, Asia etc.), 2) changes in trade regulations and other regulatory changes in major domestic and international markets, 3) drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.), 4) sharp moves in the capital markets, and 5) changes in social infrastructure caused by drastic changes in technology etc. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.